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Economic Interdependence and Stability: The Failure of US Policy in Egypt

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Abstract

This paper argues that the US policy of using economic interdependence to influence stability in Egypt failed, with a focus on the final ten years of the Mubarak regime. By assessing the formation of this US policy and the factors that concerned US-Egyptian ties, this paper also provides a better understanding of US policy towards Egypt, in general. The argument is entrenched in the stability-through-economic interdependence literature and identifies how this case study disproves the positive correlation associated with these two variables. This paper achieves this aim by consulting primary sourced governmental and non-governmental material, media, analytical and scholarly work concerned with the topic. Consequently, this paper identifies how and why Egypt's alignment to the 'War on Terror', suppression of political opposition and the run up to the 2011 Egyptian Revolution, led to the US policy's failure.

Introduction

The United States of America (US) has consistently linked economic interdependence to stability when dealing with foreign states. Notably, this idea was reverberated by the two World War US Presidents: T. Woodrow Wilson (during World War One, WWI) and Franklin D. Roosevelt (World War Two, WWII). As noted by Chapman and Colby, both of these wartime leaders specified that US foreign economic policy be based on this premise.¹ However, Washington, DC has not always been successful in achieving this stability goal and yet has continued to use economic interdependence as a tenet of its foreign policy to do so. This paper utilises a case study analysis of US-Egyptian ties to evaluate the performance of this US foreign economic policy by looking at the impact it had on stability in the Middle Eastern state. The case study focuses on the final decade of the former Egyptian President, Mohammed Hosni Mubarak's time in office, from 2001 to 2011. Resultantly, this paper argues that the US policy failed to use economic interdependence as means to achieve stability in Egypt in the period concerned.

Significantly, this timeframe captures Egypt's alignment with the US post-9/11 attacks policy, henceforth referred to as the 'War on Terror Policy'. Additionally, this period includes multiple instances of political suppression by the Mubarak regime, oppositional resistance and unrest caused by various actors, including the Muslim Brotherhood (MB), the Kefaya and April 6 movements, as well as the run up to the 2011 Egyptian Revolution. As a result, this case study also provides an analysis of the US policy towards the most populous Arab state ex ante the 2010-11 transitional wave of unrest across the Middle Eastern region, referred to as the Transitional Arab Spring in this paper.² By couching its argument in the literature concerned with economic interdependence and stability,

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this study also provides a better understanding of the US policy towards Egypt and identifies the conditions which led to the policy's failure in this case.

Notably, this paper assesses the stability-through-economic interdependence notion from a US policy perspective. It does not do so by assessing every element and development which was in play and took place during the timeframe concerned, but focuses on those which impacted the US policy. Further, this paper does not encompass the policy making process in Washington, DC, but rather the policies themselves and how they fared against empirical developments in Egypt during the timeframe concerned. The point here being that an empirical analysis of the active policies, leads to a representative assessment of the developments which took place in the timeframe concerned. As a result, this paper focuses its analysis on understanding the successes and failures of the US stability-through-economic interdependence policy in this case study.

It is also worth noting that stability in Egypt (or indeed any country), is dependent on a multitude of factors and drivers, ranging from historical political systems in place, changing dynamics in international politics and economics and simply the evolution of people and their thoughts, preferences and actions. This paper however, is explicitly and specifically concerned with how the US policy impacted stability in Egypt. In assessing this policy, this work reveals how each of the afore mentioned factors and drivers (among others) effected the success of the US policy. As a result, this paper's intent and conclusions point to how these different factors and drivers negatively and positively impacted the policy, therefore providing an explanation and reasoning as to why it was unsuccessful in this case study. Resultantly, leading to a better understanding of US-Egypt ties, in this particular context and in general.

In order to carry out the analysis, this paper examines official US policy stances, specifically those concerned with the respective US administrations during the development of the stability-through-economic interdependence policy and during the 2001-11 timeframe, official US trade statistics provided by the US, the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organisation (WTO), as well as documents from the US Central Intelligence Agency (CIA) Research Tool (CREST) archives based in the US National Archives and Records Administration (NARA) and assesses these stances and economic ties against the developments which took place in the period concerned. From here, this paper determines how the US policy failed in this case, the barriers that prevented it from being successful and simultaneously demonstrates how the US blindly followed the policy in spite of developments pointing to the impotency of the policy vis-à-vis reaching the desired goals.

For the purpose of this paper, economic interdependence is defined as the mutual dependence experienced by two countries involved in an economic relationship. With this relationship being represented by agreements, aid and trade (from the Egyptian perspective) and influence through stability (from the US perspective). The term interdependence therefore captures Keohane and Nye's definition and 'refers to situations characterised by reciprocal effects among [the] countries [concerned]'. It is important to note that the characteristics, or, to use Keohane and Nye's words, the 'reciprocal effects' of the US-Egypt ties in this case study are not identical. That is, Egypt is concerned with importing and maintaining economic 'input' to achieve development and stability, whereas the US is concerned with exporting this economic 'input' to achieve stability. Therefore,

whilst the effects of the interdependent relationship are different, they nevertheless represent the US-Egypt ties in the context of this case study and analysis.

In order to comprehensively assess the performance of the US policy, this paper uses a broad definition of the term stability. In this instance, stability refers to a lack of political unrest, which ranges from mass protests to violent conflict. Other studies have included specific factors which prevent stability when defining the concept, for example from accounting for different actors and conditions in the international system,⁴ maintaining the status quo,⁵ more market orientated price stability⁶ and ensuring hegemonic stability.⁷ However, as this paper is concerned with the broader, lack of political unrest (from mass protests to violent conflict) definition, the remit of its assessment is therefore more comprehensive in nature. As a result, this paper offers a more encompassing set of conclusions. It is important to caveat that this paper is solely concerned with the stability aspect denoted above and not stability as a result of a democratic system. Indeed, as the US policy is concerned with using economic means to influence and maintain stability in Egypt, it is the performance of this policy which is being tested and not the impact the policy had on the internal political system in the case study. Further, whilst other scholars have focused on the dynamic between US ties with Egypt and democracy,⁸ this paper's originality lies in the focus on its manner in assessing the stability element.

The main body of this paper starts by entrenching its argument in the literature concerned with economic interdependence and influence. From here, this paper identifies the root of scholarship in which it sits, specifically concerned with economic interdependence and stability. The subsequent section identifies the genesis of the US policy, tracks its development and points out any divergences in the policy's lifetime along the way. Then, this paper provides a brief background to the pre-2001 period when concerned with the US stability-through-economic interdependence policy towards Egypt. From here, this paper then looks at two thematic developments which were concerned with the 2001-11 US-Egypt relationship; Egypt's place in the post-9/11 era and how political opposition impacted Washington, DC-Cairo ties. In doing so, these sections assess and identify the different political and economic elements which were in play and directly impacted the stability-through-economic interdependence policy in this period. Finally, this paper concludes by reflecting on and evaluating the development and success of the US policy, based on the case study analysis. From here, this paper's final sentiments are concerned with identifying what prevented and encouraged the policy in Egypt and links these findings to the targeted literature.

Economic Interdependence and Stability

Broadly speaking, this paper contributes to the literature concerned with Keohane and Nye's ideas relating to the control and trade of resources, its impact on power (i.e. an actor's ability to 'get others to do something they otherwise would not do'),⁹ and therefore influence in international relations.¹⁰ Furthermore, Keohane and Nye take into account the role that non-state actors have on this power-interdependence relationship, for example, they emphasise the importance of domestic pressures and politics when concerned with a state's foreign policy formulation.¹¹ This is something which is accounted for and addressed in this paper, which includes the impact of the War on Terror Policy,

political opposition in the form of the MB, among others and the run up to the 2011 Egyptian Revolution and how these developments impacted US-Egyptian ties within the stability-through-economic interdependence policy context, focusing on the period between 2001 and 2011. It is also important to note that Keohane and Nye's piece is Western-centric in focus, with a chapter dedicated to bilateral US-Australian and US-Canadian ties.¹² In a departure from this approach, this paper is specifically concerned with a case study which includes a Middle Eastern state and therefore contributes to the understanding of the power-interdependence relationship in a Western-non-Western context.

On a more concentrated level, this paper is concerned with the relationship between power and economics, that is how economic actions can lead to power and therefore influence in international relations. Concerning this strand of literature, Papayoanou carried out an empirical analysis of how historical developments impact this economics-power relationship. Papayoanou notes how economic ties do not necessarily lead to political cooperation and therefore influence, by explicitly stating that economic ties between 'allies, particularly democratic ones [are more likely to have] ... pacifying consequences', as economic ties with adversaries have the potential to constrain the principal actor concerned.¹³ Further, using the example of Germany in WWI, Papayoanou notes how domestic political structures can overwhelm economic interests, stating how 'Germany's pseudodemocratic political structure ... [overcame] economic interests who were more pacific internationalist ... because the German political system gave rise to a logroll of protectionist and military interests'.¹⁴ In a similar manner to Keohane and Nye's work, Papayoanou incorporated the impact of non-state actors (specifically, the domestic German pressures) and Western based examples of the Franco-Russian alliance (1880s-1905), WWI, the 1930s and WWII, US Strategy and NATO Strategy during the Cold War, to convey his argument. Additionally, Papayoanou's focus is on adversarial states, those being actors that pose a threat to one another. In contrast to this approach, this paper is concerned with two states which are not conventionally adversarial in nature, this being the distribution of power between Egypt and the US was asymmetric in the timeframe concerned to the point that the former did not pose a realistic threat to the latter's survival. Similar to the departure from Keohane and Nye's work, this paper also differs from Papayoanou's study in that it uses the US-Egypt case study to provide an example of a Western-non-Western relationship within the context of the stability-through-economic interdependence debate.

An alternate conception of the stability-through-economic interdependence policy notion in international relations focuses on the more Realist approach. Morgenthau's work on the topic denoted that in order for peace to be achieved, states must intervene. Specifically, Morgenthau noted how states could also use punitive (such as sanctions), as well as inducing (such as increased trade) methods to foster peace.¹⁵ This notion was also built on by Waltz¹⁶ and Walt who was concerned with states balancing the international system against threats,¹⁷ among others.¹⁸ The idea in this school of thought is that state actions deter aggressive behaviour (such as the US sanctions orientated policy, identified below). However, in a departure from this Realist perception of international relations, this paper is focused on the economic interdependence and stability aspect. Specifically, US economic actions and transactions (that is trade, aid and agreements) with Egypt during the period concerned. Therefore, whilst Morgenthau, Waltz, Walt et al. are concerned with this relationship from a Realist

point of view, this study focuses on the relationship looking at two variables which are assumed to be positively correlated. Pointedly, this paper opts for this perspective as this represents the US policy stance in this case study. As a result, this paper assesses the US stability-through-economic interdependence policy by its own standards, that is under its own assumptions, therefore providing a representative assessment of the policy from a US perspective.

In sum, this paper's contribution is focused on the stability-through-economic interdependence policy relationship and the literature concerned with these two variables. Further, the main argument is concerned with how developments which took place in the period concerned impacted the relationship, rather than from a specific theoretical or model orientated approach. As a result, by assessing the US policy towards Egypt between 2001 and 2011, this paper sheds light not only on how this relationship unfolded during the last ten years of Mubarak's tenure, but also on how the developments which took place in this period impacted this US policy.

The US Policy Development

Scholarly work has often linked the US stability-through-economic interdependence policy to the foundation of the country itself.¹⁹ Further, Muravchik noted how US involvement in WWI and WWII was directly linked to the goal of securing a 'world safe for democracy [with the US being] ... the arsenal of democracy'.²⁰ Plattner further corroborated this notion by determining that US foreign policy aims have defended democracy 'at least since WWI'.²¹ This 'exporting democracy' notion has also been documented in other academic work.²²

Moreover, the disjoint between the US promoting democracy and stability has also received scholarly attention.²³ This was something, which was emphasised by Dumbrell and Barrett in the context of the bipolar Cold War era.²⁴ Further, Hurewitz noted how the US 'was the first to develop economic and technical assistance as a diplomatic weapon in the Cold War' as the USSR was more selective with whom it interacted with, economically.²⁵ Practically speaking, the US opted for a strategy which came with more stipulations when concerned with the provision of military equipment compared to the USSR's relatively more relaxed tact. Brownlee also noted how 'international liberal norms lacked transformative power in the Middle East',²⁶ as the US pursued its goals of securing influence and maintaining influence in the region in the form of shoring up Israel's security and maintaining good ties with regional oil exporters. What's more, in the context of the Transitional Arab Spring, Halabi noted how the US worked on a case by case basis to ensure political stability across the Middle East,²⁷ as opposed to an expected staunch support for democracy under Muravchik's US remit of being 'the arsenal for democracy'. However, Washington, DC has also continued to demonstrate its confidence in the stability-through-economic interdependence policy in contemporary international relations. This is demonstrated by the US presidential stances on this point.

Poignantly, the 33rd US President, who presided over the end of WWII and its aftermath Henry S. Truman, noted in his Economic Report to the Congress that the aim of the 1951 Mutual Security Act (which provided military and economic aid to Europe) was 'to help carry out plans for the defense of the North Atlantic Area, while at the same time maintaining the economic stability of the area'.²⁸ Truman made these comments to the US Congress having noted in a previous report how important

US foreign exports were to domestic economic health, that is employment, production and price stability.²⁹ Additionally, Truman's succeeding report emphasised how he was dedicated to establishing 'a strong community of free nations [which was dependent on] ... their economic strength'.³⁰

This notion of global economic progress and stability being tied to US economic health was reverberated by each one of Truman's successors. Dwight D. Eisenhower noted in his Economic Report to the Congress how the US must remain dedicated to this goal, that is by increasing economic interdependence with the world,³¹ John F. Kennedy's report emphasised the need to remove international trade barriers in the context of increased international 'payment deficits and gold outflows ... [and noted:] We must attain a balance in our international transactions which permits us to meet heavy obligations abroad for security and development of the free world',³² Lyndon B. Johnson's report to Congress directly linked economic growth of lesser developed nations (using trade as a tool to do so) to 'world economic order',³³ Richard Nixon's report then acknowledged the significance of global trade deficit concerns, made headway in accounting for and acknowledging the overlap between domestic and international economic issues.³⁴

In the context of the 1973 Oil Crisis, instigated by the Arab members of the Organization of the Petroleum Exporting Countries (OPEC) as a result of the 1973 Arab-Israeli War, President Gerald R. Ford's report also emphasised his dedication to the continued liberalisation of international trade.³⁵ Following on from Ford, James E. Carter's Report to the Congress also noted, amid the 1979 Oil Crisis, that 'economic cooperation between nations is especially important'.³⁶ On this occasion, the Second Oil Crisis, as it was also termed, was instigated following the protests, which came about during the 1979 Iranian Revolution, which significantly curtailed Iranian oil production and suspended exports. This resulted in a run on the price of oil, increasing from US\$51.89 per barrel in January 1979 to a peak of US\$116.37 per barrel in April 1980 (adjusted for inflation),³⁷ causing a shock to the international system (with other non-Iranian OPEC members benefitting). Carter's successor, Ronald W. Reagan then emphasised the need to remove trade barriers. Whilst these comments were made in an era epitomised by a US trade deficit in the early 1980s, Reagan's same report highlighted his commitment to free trade nonetheless, demonstrating his dedication to the stability-through-economic interdependence policy.³⁸

In the post-Cold War Era, President George H.W. Bush noted in his Report to the Congress, his administration's resistance to trade protectionism,³⁹ and William J. Clinton's succeeding report also emphasised his dedication to increased free trade by directly linking global trade to domestic employment, the North American Free Trade Agreement (NAFTA) and General Agreement on Tariffs and Trade (GATT) successes (as NAFTA and GATT were dedicated to this notion of free trade).⁴⁰ Additionally, Clinton noted in a later report how important concluding bilateral negotiations to ensure China's accession to the WTO was integral to providing economic expansion for the US, as well as the world.⁴¹ A focused look at the succeeding presidents, George W. Bush and Barack H. Obama and their commitment to this policy is carried out in the following sections.

It is also worth noting that the US has simultaneously adopted a foreign economic policy which is based on the exact opposite of the stability-through-economic interdependence notion, in the past. This is nominally identified as the use of sanctions when dealing with foreign states and actors. Examples of these include the US policy towards: Iran (1979-2015), Libya (1982-2006) and Iraq

(1991-2003), among others. However, this sanctions-based policy has also not always been successful. This point was corroborated by a 1982 US Economic Division Report, assessing the effectiveness of sanctions based on the following 13 case studies: League of Nations Sanctions on Italy (1935-6), Arab League Boycott of Israel (1948-Present), 1960 USSR Sanctions on PRC, OAS/US Sanctions on Dominican Republic (1961-2), US/OAS Sanctions on Cuba (1962-82), UK/UN Sanctions on Rhodesia (1965-79), 1971 French Sanctions on Algeria, OAPEC Oil Embargo on the US (1973-4), US Sanctions on Pakistan (1977-80), US Trade Embargo on Uganda (1978-9), US Sanctions on Iran (1980-81), US Sanctions on USSR/Afghanistan (1980-81) and 1982 EC Sanctions on Argentina. The Report found ‘that miscalculation, misunderstanding, or failure to take all of their complex elements into account have caused sanctions to fail’.⁴² However, as noted above, in a departure from the sanctions-based approach, the aim of this paper is to assess the stability-through-economic interdependence relationship in the 2001-11 US-Egypt case. As a result, this study is focused on this specific element of US policy.

The Run-up to 2001

Before focussing on the 2001-11 timeframe, this section provides a background analysis, identifies the themes, drivers and context of US-Egypt ties and provides a foundational assessment for the post-2001 era, in the US stability-through-economic interdependence policy framework. In measurable terms, US foreign economic assistance to Egypt hit an aggregated US\$51.89 billion, from Cairo’s 1952 independence and up to 2000,⁴³ demonstrating the US commitment to its policy, despite the fact that it did not yield the stated stability goals in the Middle Eastern state. See Table 1 in the Appendix for the US-Egypt figures from 1981 to 2011. Indeed, developments which took place pre-2001 had an impact on the US-Egypt relationship post-2001 and it is therefore necessary to highlight and assess how these developments impacted the US stability-through-economic interdependence policy in Egypt.

Since the 1952 Egyptian Revolution, which led to the abolition of the monarchical system in the Middle Eastern state and the birth of the presidential Republic of Egypt one year later, the US has sought to maintain its interests in the country. These interests were characterised as maintaining influence in Egypt and by extension the region, in order to offset Soviet primacy in the Middle East (particularly during the Cold War) and to mitigate against Israeli, regional and energy security concerns.⁴⁴ This notion of external influence was explicitly detailed in a 1967 US Agency for International Development (USAID) report which noted how Washington, DC’s policy focused on ‘moderat[ing] the behavior of the Egyptian government’ to ensure that US interests in the country were protected.⁴⁵ This idea of ‘moderating’ Egypt came during the country’s first president, Gamal Abdel Nasser’s time in office (1956-70), as the Egyptian leader aimed to offset US influence in the country by refusing to align himself with Washington, DC or indeed Moscow. Further, Nasser aimed to play the two ‘warring’ Cold War rivals off one another in order to maintain his own interests of developing Egypt and being a leader among Arab nations.⁴⁶ This resulted in US economic assistance to Egypt hitting a cumulative US\$799.60 million during Nasser’s time in office.⁴⁷ This however was superseded by Nasser’s successor, M. Anwar el-Sadat (in office from 1970-81) who distinctly shifted the country’s allegiance away from the Soviets.

In the US, following President Nixon's resignation which resulted from his Administration's spying on political opposition (termed the 1974 Watergate Scandal), the succeeding Ford administration attempted to keep Sadat on side by pledging US\$250 million to him in economic support to deter Egyptian-Soviet alignment. Additionally, Sadat's decision to liberalise the Egyptian economy, known as the *Infitah* (meaning 'openness' in Arabic) policy, aimed to remove the Nasser imposed foreign investment restrictions, as Sadat targeted military and infrastructure development in the wake of growing deficits, pre-1973 Arab-Israeli War.⁴⁸

Additionally Sadat's disposition towards working with the US, led to the 1979 Egypt-Israeli Peace Treaty which came following the 1978 Camp David Accords and resulted in an improvement in US-Egyptian ties. Indeed, this improvement was even conveyed in Washington, DC's role in brokering the Egypt-Israel agreement, as the Carter Administration played a notable part in the process. Furthermore, the agreement also included an American foreign aid package for Egypt, which hit US\$2.59 billion in 1979, the highest value of aid ever delivered to Egypt, up until that point. What's more, Sadat's favourable position towards Washington, DC meant that US foreign assistance to Egypt grew more than ten-fold when compared to that during the time of Nasser, as the figure reached a total of US\$8.70 billion during Sadat's 1971-81 tenure.⁴⁹

Following Sadat's assassination in 1981, Mubarak took the helm as the fourth President of Egypt and ushered in an era showing flashes of similarity to his predecessor, that is dedication to the Egypt-Israel Peace Treaty and secession to US interests. Indeed, the President epitomised this notion a year later, noting:

We [the Egypt and the US] are determined to pursue our peace efforts until a comprehensive settlement is reached according to the Camp David accords. I intend to maintain close cooperation and consultation with President Reagan and his administration.⁵⁰

Whilst Mubarak made gestures to push through and continue with the Sadat-instigated Infitah policy,⁵¹ the country fell short of US aims for democracy. This was made evident by Mubarak's decisions to monopolise his grip on domestic affairs, with Egypt's Central Security Forces growing to 500,000 in number by 1986, and quelling political opposition in this period.⁵²

From the US perspective however, this did not deter the stability-through-economic interdependence policy from being pursued. Specifically, the US General Accounting Office (GAO) report noted how economic support for Egypt was used to 'promote political and economic stability'.⁵³ Additionally, the Egyptian president presided over a number of elections which pointed to anything but a transparent political system, with many believing that his son, Gamal M.H. Mubarak was being positioned to succeed his father (examined below). This came in a period where US foreign economic assistance to Egypt hit US\$25.47 billion between 1982 and 1992,⁵⁴ more than triple that which was secured during the same amount of time whilst Sadat was President. Additionally, the US-Egyptian Bilateral Investment Treaty came into force, noting:

Each Party [the US and Egypt] undertakes to provide and maintain a favorable environment for investments in its territory by nationals and companies of the other party and shall, in applying its laws, regulations, administrative practices and procedures, permit such investments to be established and acquired on terms and conditions that accord treatment no

less favorable than the treatment it accords to investments of its own nationals and companies of any third country, whichever is the most favorable.⁵⁵

Despite these developments, Egypt in the 1990s was often depicted as experiencing an insurgency, centred around extremist groups who used Islam as their *modus operandi*. Indeed, Gerges noted the estimated 1,300 deaths and billions of dollars worth of losses and costs accrued from the ‘low-level war of attrition between the authorities and revolutionary Islamists’ between 1990-7,⁵⁶ despite the fact that US foreign economic assistance to Egypt hit a total of US\$17.54 billion in the same period.⁵⁷ Further, it was the Mubarak Administration’s moves to exclude Islam-inspired figures and parties from running in political contests across the country, whether it be through the passing of laws decreeing such initiatives or applying heavy handed tactics to repress the targeted actors,⁵⁸ which further faltered the US ability to implement its stability-through-economic interdependence policy in this era.

In sum, the US witnessed its foreign policy aims of maintaining influence over the Egyptian leader, ensuring a presence in the region and Israeli security. This in turn meant that Washington, DC’s use of foreign aid seemed to achieve these desired goals. The exception of course, being the lack of democracy or more accurately political freedoms in Egypt, poignantly exacerbated by the clampdown on political opposition in the 1990s. This did not however prevent the US from continuing to provide economic assistance to Egypt in this timeframe (see Table 1 in the Appendix for a breakdown of these numbers). This policy became even more prevalent during the final ten years of Mubarak’s reign, which ultimately led to the potential for the US to lose all the ground in the country it had made since the 1950s, especially since the 1970s and lose its influential position in the most populous Arab state.

Egypt and the ‘War On Terror Policy’

Following the 9/11 attacks on the US, Mubarak’s ties with President G.W. Bush improved somewhat, as both leaders colluded over ways to tackle terrorism. This was something that the US President noted and complimented Egypt for, in its role in the coalition against global terrorism.⁵⁹ Further, in an additional demonstration of the US dedication to the policy, there was a boost in US foreign economic aid to Egypt in the aftermath of the 9/11 attacks from US\$1.96 billion in 2002 to US\$2.21 billion a year later.⁶⁰ This section highlights this collusion of interests in the post-9/11 era. Indeed, the Egyptian alignment to the War On Terror Policy provides evidence supporting this paper’s argument with regards to the stability-through-economic interdependence policy.

The 9/11 attacks on the US led to G.W. Bush’s infamous speech which emphatically kick started the War On Terror Policy, as the US president noted:

Our War on Terror begins with Al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated ... Americans are asking: How will we fight and win this war? We will direct every resource at our command - every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence, and every necessary weapon of war - to the disruption and to the defeat of the global terror network ... We ask every nation to join us. We will ask, and we will need, the help of police forces, intelligence services, and banking systems around the world.⁶¹

This sentiment of the need to embark on the War on Terror in a multilateral/coalitional framework was reverberated in Egypt. Further, the Egyptian Prime Minister Atef Abeid noted in the immediate aftermath of the attacks: ‘after these horrible crimes committed in New York and Virginia maybe Western countries should begin to think of Egypt's own fight against terror as their new model’.⁶² These comments came as a result of Egypt’s continued heavy-handed approach towards dealing with militant and terrorist organisations within its own borders.

In the context of the stability-through-economic interdependence policy, the White House Press Secretary, Ari Fleisher, commenting on a G.W. Bush-Mubarak phone call, noted how Egypt and the US ‘are working together closely to end the violence and to bring peace to the region ... [and that the US was dedicated to economically] assist Egypt’.⁶³ The explicit link between tackling terrorism and economically assisting Egypt conveys the US dedication to the stability-through-economic interdependence policy. Indeed, this resulted in a US foreign assistance package to Egypt between 2001 and 2005 (inclusive), averaging US\$1.97 billion, for the sake of comparison, this figure dropped to US\$1.67 billion in the following timeframe, that is Mubarak’s final five years in office from 2006-10.⁶⁴ This sentiment was further emboldened in a joint statement noting:

We reiterated our resolve to continue working, along with our partners in the region, in Europe, and around the world, to promote peace in the Middle East [including the Arab-Israeli and Iraqi conflicts], maintain regional stability, fight terrorism, and bolster the region's efforts toward economic, political, and social development and modernization ... [and continued to note that] the Egyptian-American partnership has promoted peace and stability, while supporting positive change in the Middle East, for thirty years.⁶⁵

Egypt’s anti-terrorism policy provided a convenient medium in which to ensure political stability in the country, in the sense that Mubarak was able to maintain his post for some three decades up until 2011. This was made possible by the complimentary US driven War On Terror Policy and Washington, DC’s preparedness to provide Egypt with economic assistance in exchange for ensuring work towards regional stability continued.

Additionally, as noted by Shehata, ‘the year after 9/11 saw increased political activity, including mass political protest’.⁶⁶ Simultaneously, Mubarak was able to stave off political opposition and see these acts go ignored, whilst continuing to receive US aid through Washington, DC’s continued belief in and implementation of the stability-through-economic interdependence policy. Whilst this did go against US notions of democratising Egypt, the White House’s objections were confined to rhetorical gestures, perpetuating the status quo, this is examined below.

US Policy and Political Opposition in Egypt

As noted, the US dedication to the stability-through-economic interdependence policy and indeed the US War On Terror Policy, meant that Mubarak was able to shield his regime from political opposition, right up until the 2011 Egyptian Revolution. Mubarak’s ability to maintain power in the country came at a time when an amalgamated US foreign aid package worth US\$19.73 billion was provided to Egypt between 2001 and 2011.⁶⁷ Whilst there were signs of US pressure on Egypt to democratise the political system in the Middle Eastern state, this came in the form of moderated rhetoric, as opposed to harsher threats, that is to withhold aid until political freedoms were restored.

Pointedly, members and supporters of the MB were arrested during the Mubarak's time in office, such as those in September 2002.⁶⁸ This gave rise to a rejectionist sentiment in Egypt, which grew steadily during Mubarak's final ten years in power. This came in the form of the 'enough' or *Kefaya* movement, which arrived on the Egyptian political scene in autumn 2004, following, in the words of the movement itself:

What is considered the first major anti-Mubarak demonstration ever. The catalyst for the organization's creation was the impending 2005 presidential elections in Egypt. At stake were issues related to the persistence of authoritarian rule and the inheritance of presidential power.⁶⁹

Kefaya's focus on the lack of political freedom, under the so termed 'authoritarian rule' of Mubarak's regime inevitably expanded to include 'additional grievances from other quarters'. It was at this point that the US began to voice concerns over Mubarak's tactic of suppressing political opposition and 'authoritarian' tendencies. However, these concerns were limited to rhetoric rather than impacting policy.

Indeed in 2005, the US denounced that it would cut or curb aid to Egypt following the Mubarak Administration's crackdown on the Kefaya sparked demonstrations in May of the same year.⁷⁰ Furthermore, the G.W. Bush Administration, much like its predecessors, noted in the report to the Congress how the US dedication to liberalising global economic ties leads to prosperity and how 'peace and prosperity go hand in hand, each reinforcing the other'.⁷¹ The GAO reverberated this view by continuing to pledge economic assistance to Egypt whilst being 'cautious about reforms such as liberalizing prices and lifting subsidies because of the potential negative impact on certain groups'.⁷² Indeed, this resulted in a continued line of US foreign aid assistance to Egypt in this period, totalling US\$11.71 billion between 2005 and 2011.⁷³ This not only demonstrated the US belief in the stability-through-economic interdependency policy, but also its reluctance to penalise Mubarak for his hard line approach against political opposition and readiness to forego aims of promoting democracy in the Middle Eastern state. Following on from this, the 2006 US National Security Council (NSC) statement noted:

Before 9/11, the United States, did not openly challenge repression and restricted liberties in the Arab world, prioritizing stability, yet stability was not the outcome - the lack of freedom in the region meant anger and resentment grew, radicalism thrived, and terrorists found willing recruits. Today, democracy and freedom are an integral part of the US agenda globally, reflected in such initiatives as the G-8's collaboration with the Broader Middle East and North Africa in the Partnership for Progress and a Common Future.⁷⁴

That being said, Mubarak's continued suppression of domestic political opposition, continued seemingly unimpeded by the US. Indeed, the so called April 6 Movement, which began in 2007, mobilised support across the political spectrum with the aim of ridding the country of corruption, oppression and despotism under Mubarak's Administration,⁷⁵ much akin to the aims of the Kefaya movement. This however, did not seem to waiver the US stance over its stability-through-economic interdependence policy.

Indeed, in July 2007, the US Secretary of State Condoleezza Rice noted that discussion had began over 'a new ten-year, US\$13 billion military assistance agreement which will strengthen Egypt's ability to address shared strategic goals ... [and to help] in confronting the threat of radicalism and ...

the quest for Middle East peace'.⁷⁶ Rice's explicit focus on radicalism and regional peace, once more conveyed the US preparedness to ignore a lack of domestic political freedom in Egypt, provided Mubarak was able to maintain stability within his country's borders, which would in turn aid in achieving stability in the broader region.

This almost naïve approach was identified as an issue by the seasoned former US Ambassador to the region, David C. Litt in the run-up to the 2011 Egyptian Revolution, who noted that there was a need 'to integrate all instruments of national power in effective pursuit of US national interests in the Greater Middle East, which include stability, economic interdependence and good governance'.⁷⁷ That being said, President Obama also continued the stability-through-economic interdependence line of thought in the run up to the 2011 Egyptian Revolution. Indeed, whilst Obama's often heralded 2009 Cairo speech noted, on the topic of political opposition that the 'suppressing ideas never succeeds in making them go away'.⁷⁸ The following year, the US President further demonstrated his, like his predecessors, belief in the stability-through-economic interdependence policy by noting in his Report to the Congress how liberalising global economic ties results in stability, as well as: 'progressive taxation, a health care system that provides security and stability, a strong educational system, and a secure social safety net'.⁷⁹ This was evidenced by US foreign economic aid to Egypt remaining stable at an average of US\$1.59 billion per year during Obama's first four years in power.⁸⁰

Ultimately, the US policy of using its economically interdependent ties to ensure Egypt's stability, failed in January 2011 as Egypt experienced its first revolution since 1952. The White House's tactic to accept Mubarak's domestic political oppression seemingly backfired when the Transitional Arab Spring hit Egypt. Additionally, whilst it is beyond the remit of this paper, which focuses on the 2001-11 timeframe, the subsequent period (from 2011, up until 2016 when this paper was written) has also been epitomised as being unstable. With Egypt experiencing multiple transitional governments being in place between 2011 and 2014, seeing two presidents rise to power, violent protests and acts of terror on Egyptian soil. As a result, the US stability-through-economic interdependence policy failed in this case.

Conclusions

It is clear that each of the US foreign policy goals in this period, that is vying for regional influence, ensuring Israeli security, aiding the Egyptian economy and gestures towards improving democracy in the country, had a significant impact on Washington, DC's stability-through-economic interdependence policy towards Cairo. Furthermore, the pre and post-2001 developments which directly impacted US-Egyptian ties demonstrated how US policy was entrenched in the stability-through-economic interdependence ideal when it came to Egypt, specifically during Mubarak's final decade in charge.

This manifested itself in the context of the US War On Terror Policy, which was conveniently aligned to Mubarak's heavy-handed approach to suppressing political opposition. This was enforced by the Egyptian PM Abeid, who even went as far as to say that the US should look to Egypt's method of tackling terrorism following the 9/11 attacks. Simultaneously, the US bolstered its support for Mubarak's regime to stave off religiously motivated unrest, as part of G.W. Bush's War On Terror

Policy. This led to a foreign US aid package to Egypt between 2001 and 2011, valued at just under US\$20 billion.

Simultaneously, Mubarak's continued suppression of political opposition led to a growing sense of political inequality in Egypt, with political groups such as the MB being designated as a terrorist organisation, as well as the Kefaya and April 6 Movements, which embodied the rejectionist sentiment and momentum in Egypt following concerns over the 2005 presidential elections. The US however systematically ignored its 'promotion of democracy' foreign policy tenet when it came to the Kefaya and April 6 Movements and further bolstered its support for the stability-through-economic interdependence policy by continuing to honour its grant, military and economic aid agreements with Egypt. In yet another move of support for the policy, US Secretary of State, Rice initiated negotiations over improving the US-Egypt economic agreement package and linked it directly to tackling terrorism.

It is clear that the US incentive to continue with the stability-through-economic interdependence policy and ignore democratisation goals ultimately served Washington, DC's preference to maintain regional influence, Israeli security and Egyptian stability (or at least a regime which would maintain the status quo). This aspect of stability in Egypt was therefore under a guise of serving US interests. As a result, this external pressure, combined with Mubarak's blanket suppression of political opposition ultimately fostered an environment which led to the 2011 Egyptian Revolution.

From a theoretical perspective, the policy did not work as it created conditions for which political inequality was rife. The implication therefore is that the policy should either be implemented in a stricter/absolute sense, that is US economic aid should halt when political freedoms are encroached upon in Egypt, or do not implement the policy at all. Only then will the US policy demonstrate that it is truly dedicated to pursuing the continuously stated democratic goals and be effectively using the stability-through-economic interdependence policy as a means to do so.

Appendix

Table 1: US Foreign Assistance to Egypt (1946-2013) in US\$ millions

Year	Economic	Military	International Military Education and Training	Total
1946	9.6	-	-	9.6
1947	-	-	-	-
1948	1.4	-	-	1.4
1949	-	-	-	-
1950	-	-	-	-
1951	0.1	-	-	0.1
1952	1.2	-	-	1.2
1953	12.9	-	-	12.9
1954	4.0	-	-	4.0
1955	66.3	-	-	66.3
1956	33.3	-	-	33.3
1957	1.0	-	-	1.0
1958	0.6	-	-	0.6
1959	44.8	-	-	44.8
1960	65.9	-	-	65.9
1961	73.5	-	-	73.5
1962	200.5	-	-	200.5
1963	146.7	-	-	146.7
1964	95.5	-	-	95.5
1965	97.6	-	-	97.6
1966	27.6	-	-	27.6
1967	12.6	-	-	12.6
1968	-	-	-	-
1969	-	-	-	-
1970	-	-	-	-
1971	-	-	-	-
1972	1.5	-	-	1.5
1973	0.8	-	-	0.8
1974	21.3	-	-	21.3
1975	370.1	-	-	370.1
1976	1,016.8	-	-	1,016.8
1977	907.8	-	-	907.8
1978	943.2	-	0.2	943.4
1979	1,088.1	1,500.0	0.4	2,588.5
1980	1,166.4	-	0.8	1,167.2
1981	1,130.4	550.0	0.8	1,681.2
1982	1,064.9	900.0	2.4	1,967.3
1983	1,005.1	1,325.0	1.9	2,332.0
1984	1,104.1	1,365.0	1.7	2,470.8
1985	1,292.1	1,175.0	1.7	2,468.8
1986	1,293.3	1,244.1	1.7	2,539.1
1987	1,015.3	1,300.0	1.8	2,317.1

1988	873.4	1,300.0	1.5	2,174.9
1989	968.2	1,300.0	1.5	2,269.7
1990	1,101.4	1,294.4	1.6	2,397.4
1991	998.3	1,300.0	1.9	2,300.2
1992	933.3	1,300.0	1.8	2,235.1
1993	751.1	1,300.0	1.8	2,052.9
1994	602.8	1,300.0	0.8	1,903.6
1995	1,113.5	1,300.0	1.0	2,414.5
1996	815.6	1,300.0	1.0	2,116.6
1997	815.0	1,300.0	1.0	2,116.0
1998	815.0	1,300.0	1.0	2,116.0
1999	775.0	1,300.0	1.0	2,076.0
2000	727.3	1,300.0	1.0	2,028.3
2001	695.0	1,300.0	1.0	1,996.0
2002	655.0	1,300.0	1.0	1,956.0
2003	911.0	1,300.0	1.2	2,212.2
2004	571.6	1,292.3	1.4	1,865.3
2005	530.7	1,289.6	1.2	1,821.5
2006	490.0	1,287.0	1.2	1,778.2
2007	450.0	1,300.0	1.3	1,751.3
2008	411.6	1,289.4	1.2	1,702.2
2009	250.0	1,300.0	1.3	1,551.3
2010	250.0	1,300.0	1.9	1,551.9
2011	249.5	1,297.4	1.4	1,548.3
2012	250.0	1,300.0	1.4	1,551.4
2013	241.0	1,234.3	1.7	1,477.0
Total	31,552.0	43,043.5	47.5	74,643.0

Source: Sharp, *Egypt: Background and U.S. Relations*, pp.28-29.

Disclosure Statement

There are no conflicts of interest posed by this work.

Notes

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² This has been labeled in a variety of ways, including but not limited to: The Arab Spring, Arab Uprising and the Arab Revolt. For the purpose of this paper, the term will be referred to as the Transitional Arab Spring. Primarily due to the fact that the ‘wave’ resulted in transitions across the Arab region, which affected each country differently, some of which were yet to achieve their objectives at the time of writing.

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